

THE WHITE HOUSE

WASHINGTON

NSC Review Completed.

CABINET COUNCIL ON COMMERCE AND TRADE

December 17, 1982

12:00 p.m.

Cabinet Room

AGENDA

1. Industry/Government Consultation on Innovation
2. Antitrust Barriers to U.S. Competitiveness (CM#074)
3. Export Financing (CM#211)
4. Agricultural Export Policy/CCFA (CM#204)
5. Industrial Adjustment Policy
6. Update on DISC Replacement (CM#282)
7. New Negotiating Authority
8. Renewal of Generalized System of Preferences

CABINET COUNCIL ON COMMERCE AND TRADE

December 17, 1982

PARTICIPANTS

The President

The Vice President

Secretary Regan
Secretary Weinberger
Secretary Watt
Secretary Block
Secretary Baldrige
Secretary Donovan
Secretary Schweiker
Secretary Lewis
Secretary Hodel
Edwin Meese III
Director Stockman
Director Casey
Ambassador Brock
James Baker III
William Clark
Edwin Harper
Martin Feldstein
Deputy Secretary Dam
 (Representing Secretary Shultz)
Deputy Attorney General Schmuts
 (Representing Attorney General Smith)

Helene von Damm, Assistant to the President for Presidential
 Personnel

Richard Darman, Assistant to the President and Deputy to
 the Chief of Staff

Elizabeth Dole, Assistant to the President for Public Liaison

Craig L. Fuller, Assistant to the President for Cabinet Affairs

David Gergen, Assistant to the President for Communications

Richard Williamson, Assistant to the President for Inter-
 governmental Affairs

Wendell Gunn, Executive Secretary

Becky Norton Dunlop, Special Assistant to the President and
 Director, Office of Cabinet Affairs

Additional Attendees:

Robert C. McFarlane, Deputy Assistant to the President for
 National Security Affairs

Nancy Risque, Special Assistant to the President for Legislative
 Affairs

Danny Boggs, Special Assistant to the President for Policy
 Development

David Macdonald, Deputy U.S. Trade Representative

EXPORT-IMPORT BANK DIRECT LOAN LIMITATIONS: OMB MARK AND EXIMBANK REQUEST

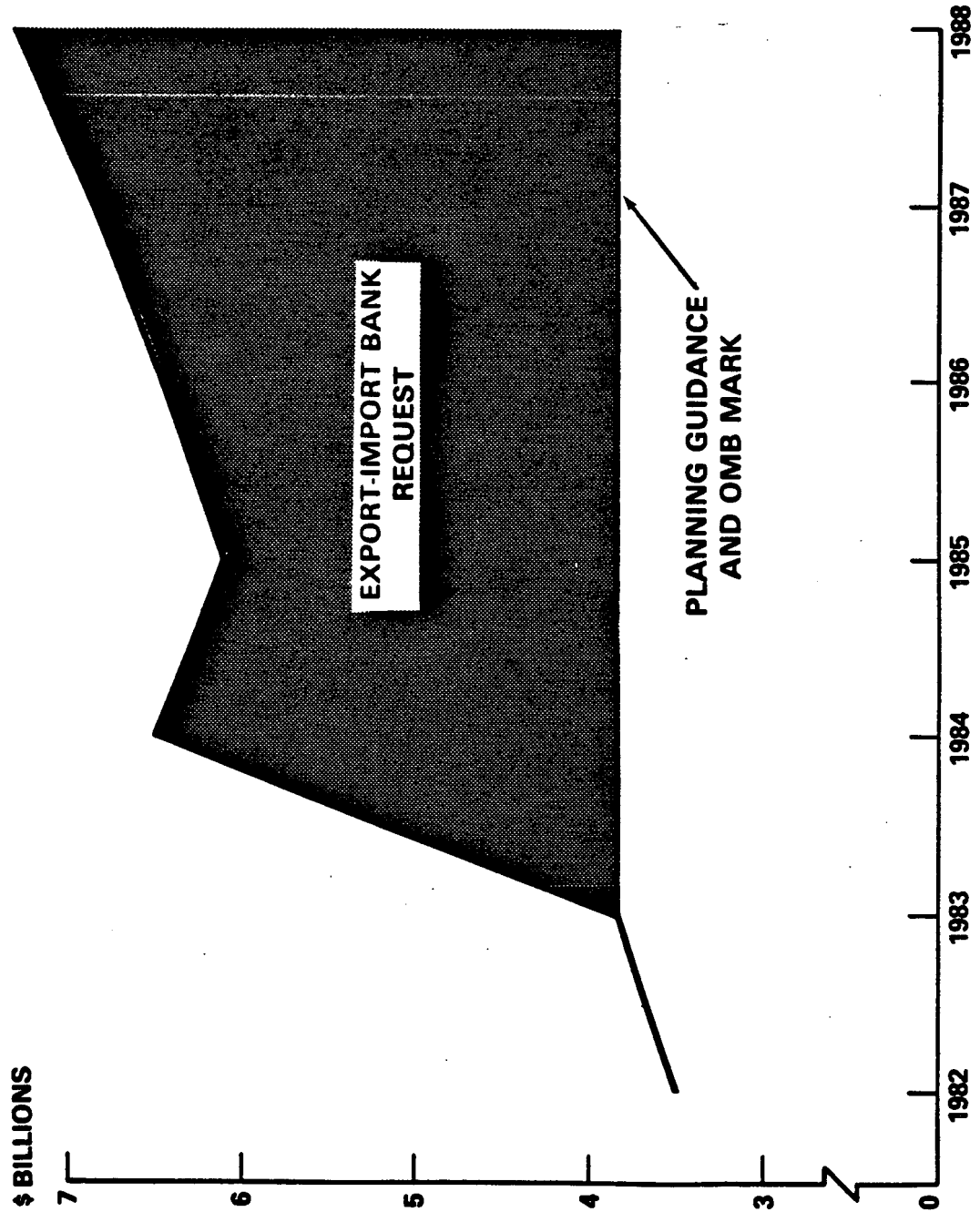


Chart 1

EXPORT-IMPORT BANK GUARANTEED LOAN LIMITATIONS: OMB MARK, EXIMBANK, AND USTR REQUEST

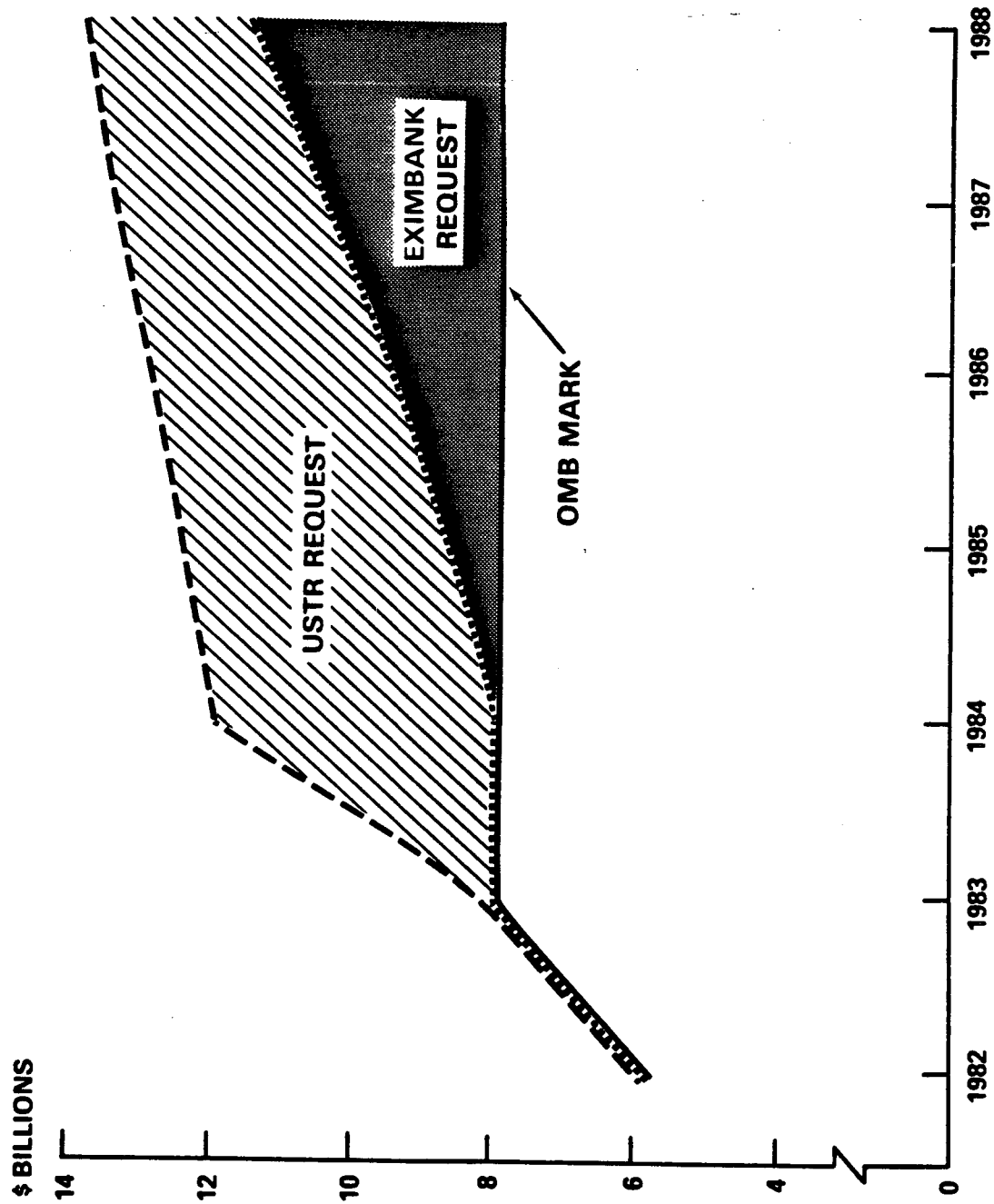


Chart 2

UNITED STATES BALANCE ON GOODS AND SERVICES (CURRENT DOLLARS)

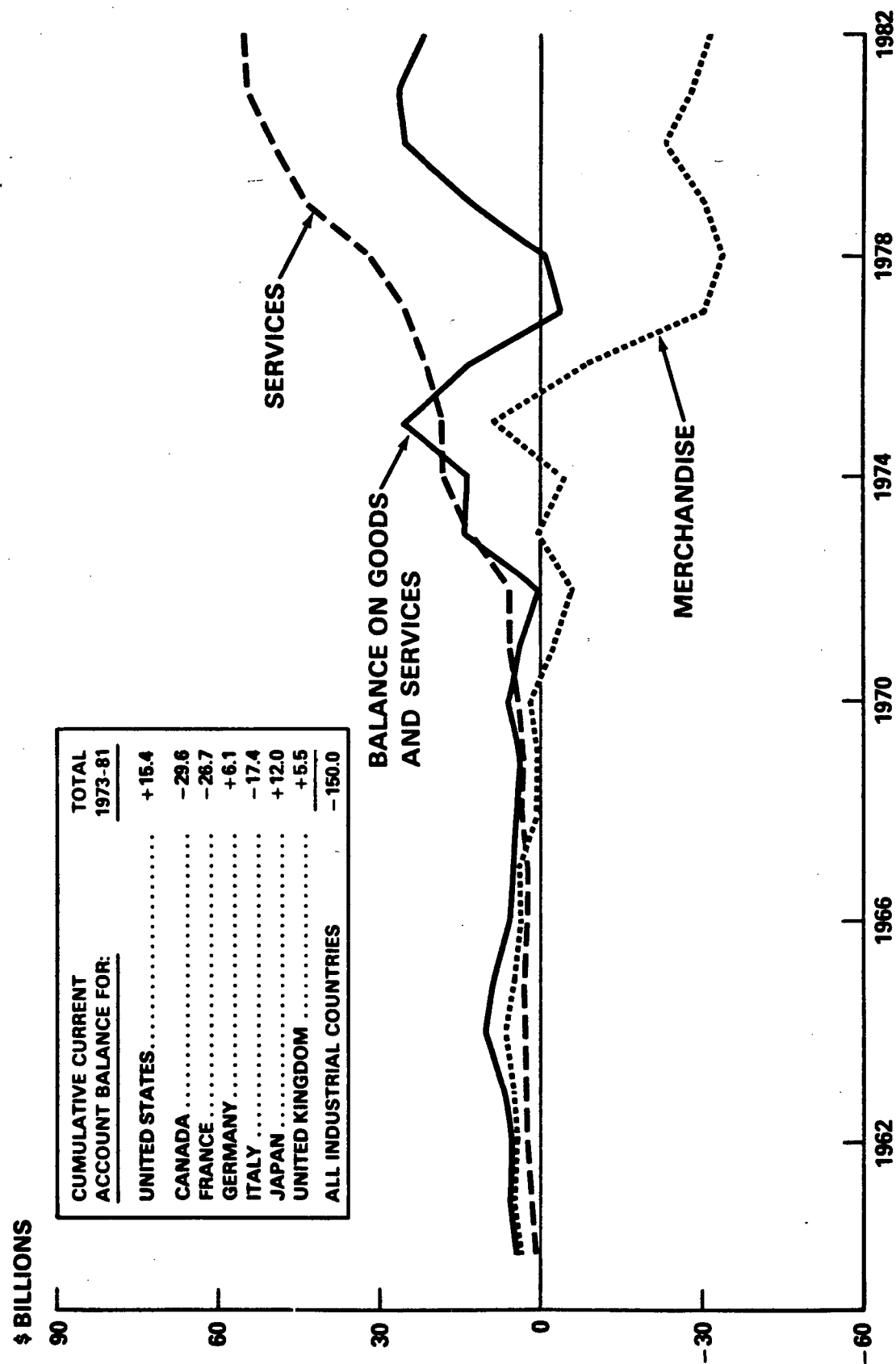


Chart 3

EXPORT SHARE OF GNP (CURRENT DOLLARS)

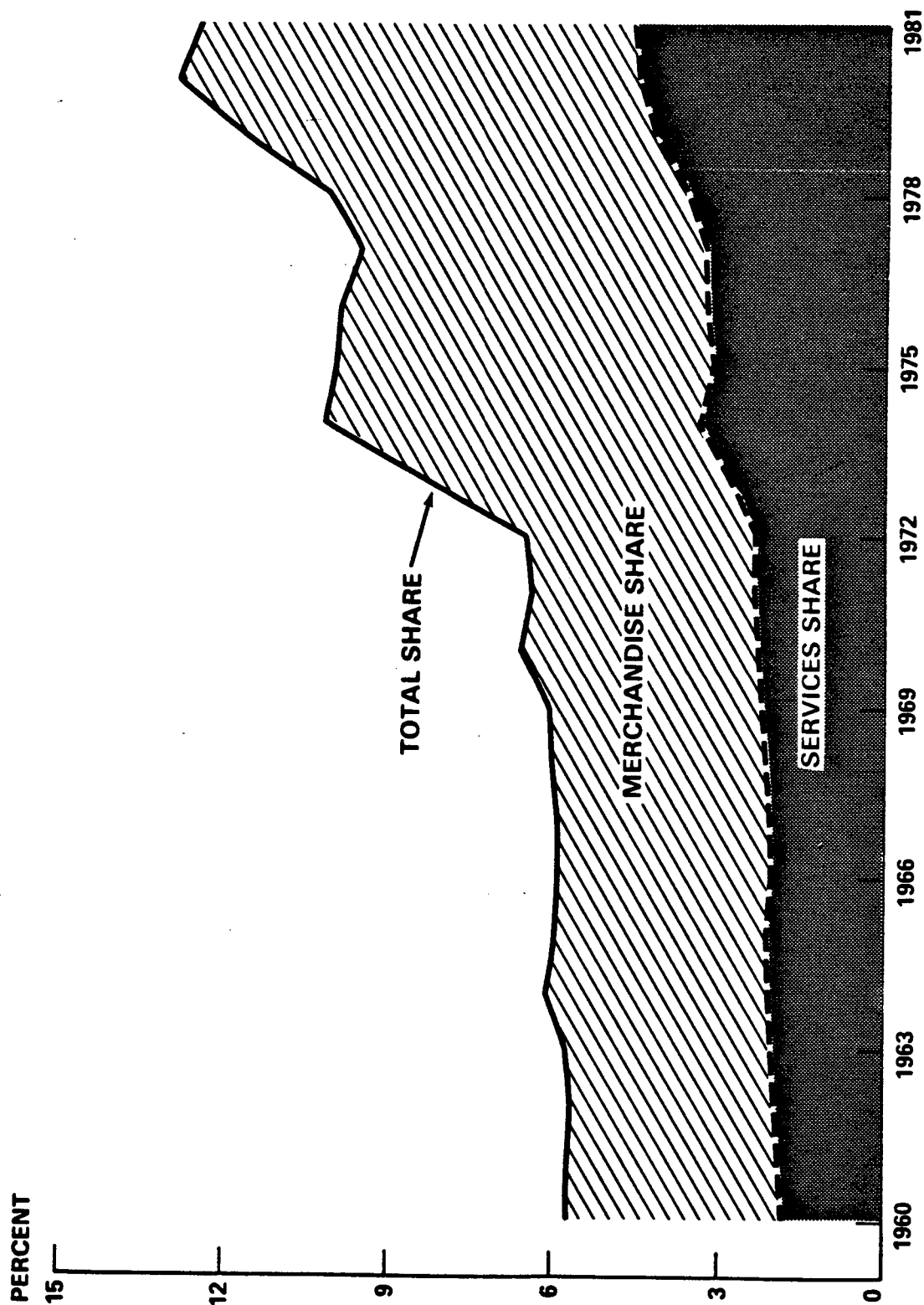


Chart 4

EXPORT-IMPORT BANK U.S. CAPITAL GOODS EXPORTS AND DIRECT LOAN SUPPORT

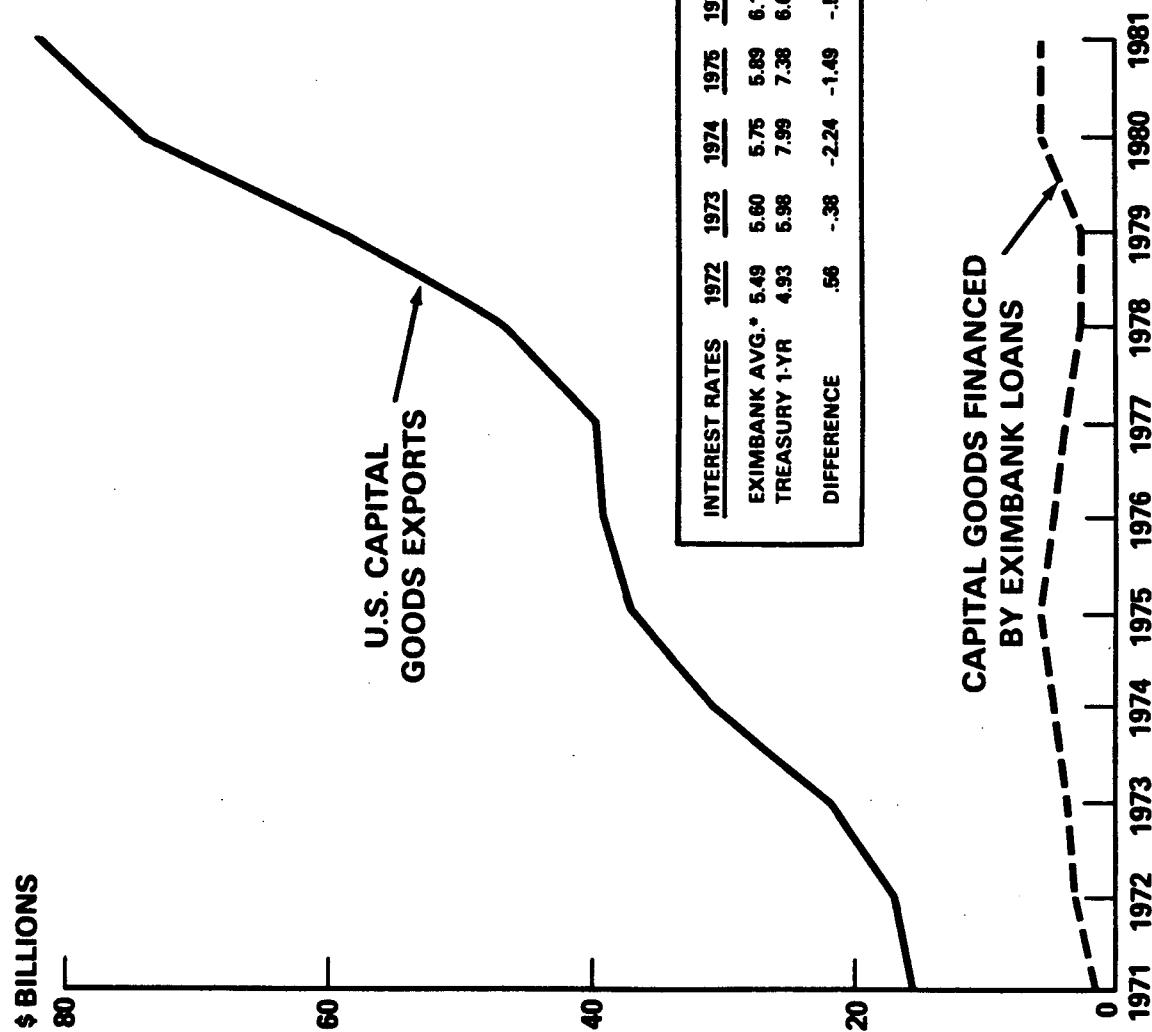


Chart 5

*AVERAGE WEIGHTED INTEREST RATE ON EXIMBANK LOANS OUTSTANDING.

Value and Volume of U.S. Agricultural Exports Compared to CCC Export Credits

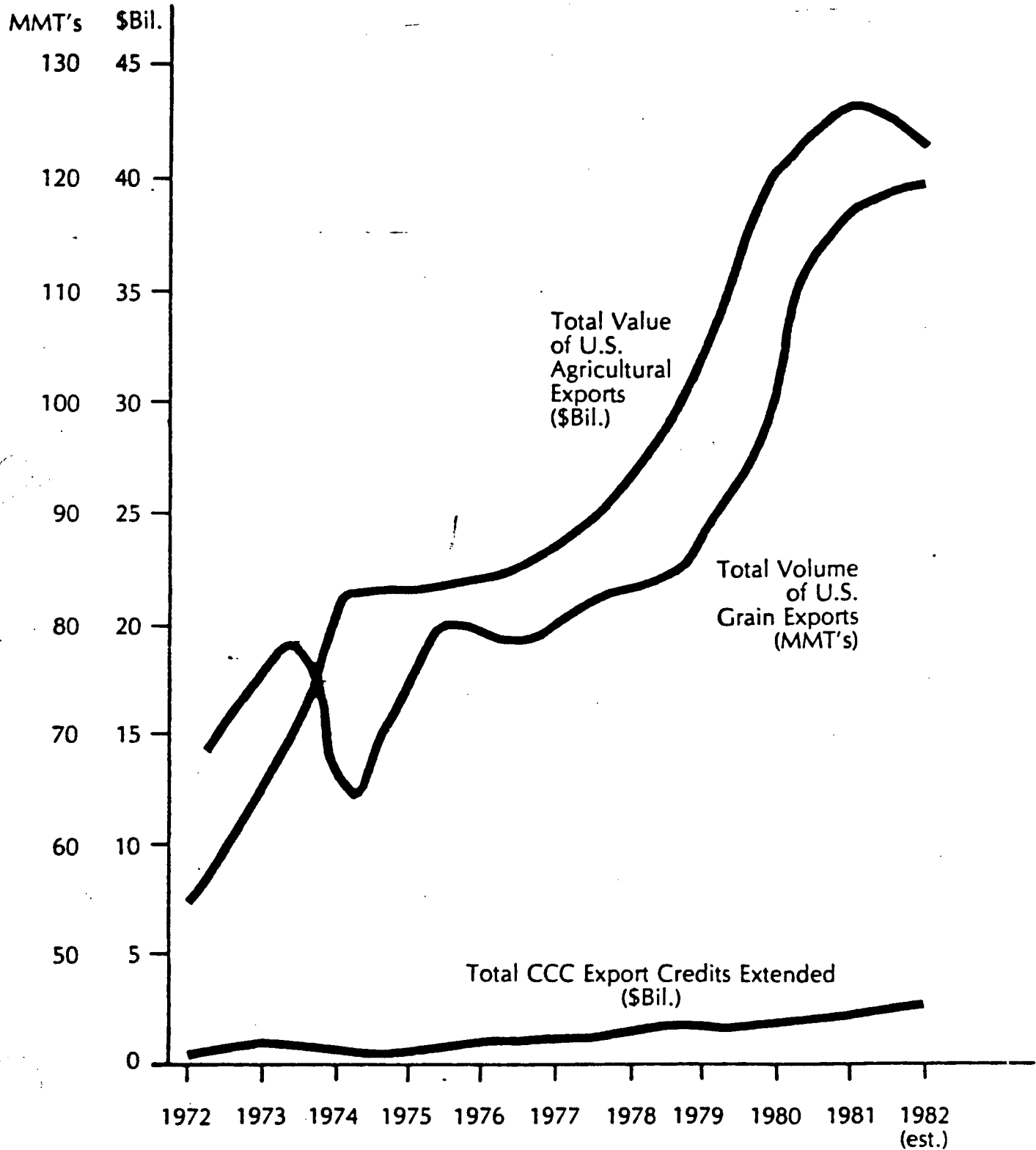


Chart 6

IMPACT OF PROPOSED EXIM INCREASE ON EXPORTS AND EMPLOYMENT

FY 1984-88

ANALYSIS OF IMPACT IN EXPORT SECTOR ONLY

1) Proposed increase in direct loans (or subsidized loan guarantees) (\$ billions)	15.0
2) Actual disbursements of new loans (\$ billions)	6.3
3) Additional exports generated (\$ billions)	7.2
with 80% additionality	4.5
with 50% additionality	
4) Average annual additional employment	21,069
with 80% additionality	13,174
with 50% additionality	
COMPARED TO BASELINE ECONOMIC FORECAST	
5) Total exports forecast (goods) (\$ billions)	1,541.3
6) Average additional Exim generated exports as % of forecast	.3-.5%
7) Average total employment forecast	109,340,000
8) Average additional Exim generated employment as % forecast total	.01-.02%

IF OFFSETTING REDUCTIONS IN NON-EXPORTING SECTOR ARE INCLUDED

9) Lost production in non-exporting sector (\$ billions)	5.6
10) Average annual loss of employment	27,616
11) Net average annual impact on employment	
with 80% additionality	-6,547
with 50% additionality	-14,442

EXPORT-IMPORT BANK

IMPACT OF PROPOSED INCREASE ON AGGREGATE U.S. EXPORTS AND EMPLOYMENT

SINGLE ENTRY BOOKKEEPING ANALYSIS	1984	1985	1986	1987	1988	TOTAL
1) ADDITIONAL LOAN (OR SUBSIDIZED LOAN GUARANTEE) AUTHORITY (\$ MILLIONS)	\$ 3,000	3,000	3,000	3,000	3,000	15,000
2) EXIMBANK DISBURSEMENTS WHICH SUPPORT ACTUAL EXPORT SHIPMENTS OR PROGRESS PAYMENTS (\$ MILLIONS)	\$170	775	1,329	1,830	2,191	8,295
3) ADDITIONAL EXPORTS FROM EXIM FINANCING: (\$ MILLIONS)						
ASSUMING 80% ADDITIONALITY	\$194	886	1,519	2,019	2,504	7,194
ASSUMING 50% ADDITIONALITY	\$122	554	950	1,307	1,565	4,498
4) ADDITIONAL EMPLOYMENT: (ACTUAL JOBS)						
80% ADDITIONALITY	3,705	15,239	23,696	29,901	32,802	N/A
50% ADDITIONALITY	2,330	9,529	14,820	18,690	20,502	N/A
5) COMPARISON TO T-1 ECONOMIC BASELINE FORECAST						
6) TOTAL FORECAST EXPORTS (GOODS)	\$243,700	273,100	306,200	340,900	377,400	1,541,300
7) ADDITIONAL EXPORTS AS % FORECAST EXPORTS:						
80% ADDITIONALITY	0.08%	0.32%	0.50%	0.61%	0.66%	0.47%
50% ADDITIONALITY	0.05%	0.20%	0.31%	0.38%	0.41%	0.29%
8) TOTAL FORECAST EMPLOYMENT (THOUSANDS)	104,300	106,900	109,300	111,900	114,300	N/A
9) ADDITIONAL EXPORT EMPLOYMENT AS % FORECAST TOTAL:						
80% ADDITIONALITY	0.004%	0.014%	0.022%	0.027%	0.029%	N/A
50% ADDITIONALITY	0.002%	0.009%	0.014%	0.017%	0.018%	N/A

EXPORT-IMPORT BANK IMPACT OF PROPOSED INCREASE ON AGGREGATE U.S. EXPORTS AND EMPLOYMENT

DOUBLE ENTRY BOOKKEEPING ANALYSIS	1984	1985	1986	1987	1988	TOTAL
<u>EXIMBANK IMPACT ON:</u>						
EXPORTS: (\$ MILLIONS)						
80% ADDITIONALITY	\$194	886	1,519	2,091	2,504	7,194
50% ADDITIONALITY	\$122	554	950	1,307	1,565	4,498
EMPLOYMENT: (ACTUAL JOBS)						
80% ADDITIONALITY	3,705	15,239	23,696	29,901	32,802	N/A
50% ADDITIONALITY	2,330	9,529	14,820	18,690	20,502	N/A
LOST PRODUCTION IN NON-EXPORT SECTOR* (\$ MILLIONS)	\$ -162	-737	-1,235	-1,638	-1,839	-5,611
LOST EMPLOYMENT FROM REDUCED PRODUCTION IN NON-EXPORT SECTOR** (ACTUAL JOBS)	-4,620	-19,889	-31,544	-39,735	-42,290	N/A
NET EMPLOYMENT IMPACT (ACTUAL JOBS)						
80% ADDITIONALITY	-915	-4,650	-7,848	-9,834	-9,488	N/A
50% ADDITIONALITY	-2,290	-10,360	-16,724	-21,045	-21,788	N/A

*ASSUMES CONSTANT MONETARY POLICY AND DOLLAR-FOR-DOLLAR GNP SHIFT FOR EACH DOLLAR OF EXIM OUTLAYS.

**BASED ON AVERAGE RATIO OF EMPLOYMENT TO GNP FOR U.S. ECONOMY.

EXPORT-IMPORT BANK DISTRIBUTION OF 1980-1982 LOAN AUTHORIZATIONS

COMPANY	1980-1982 AUTHORIZATIONS (IN MILLIONS OF DOLLARS)	% OF TOTAL
1. BOEING	3,940	29.6
2. WESTINGHOUSE	664	5.0
3. McDONNELL-DOUGLAS	504	3.8
4. LOCKHEED	319	2.4
5. GE	302	2.3
6. ALL OTHER	7,564	56.9
7. TOTAL	13,293	100.0

EXPORT-IMPORT BANK BUDGET OUTLAYS VS. FICTIONAL BOOK INCOME

(IN MILLIONS OF DOLLARS)

FINANCIAL MEASURE	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983 EST.	TOTAL 1973-83
BUDGET OUTLAYS	548	1,229	1,504	856	340	-106	200	1,836	2,066	1,173	2,113	11,759
BOOK INCOME	140	110	81	115	137	139	159	110	12	-160	-285	558

EXPORT-IMPORT BANK ESTIMATED SUBSIDY ON DISBURSED LOANS

ESTIMATED INTEREST RATE SUBSIDY USING		TOTAL									
		1974	1975	1976	1977	1978	1979	1980	1981	1982	1974- 1982
TREASURY 1-YEAR BILL	166	132	53	-82	122	389	597	1118	946	3441	
PRIME	298	347	116	18	197	575	1015	1716	1408	5690	

ESTIMATED SUBSIDY USING

TREASURY 1-YEAR BILL RATE

PRIME

